

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on March 29, 1999 at 7:03 A.M., in Room 108 Capitol.

ROLL CALL

Members Present:

Sen. Chuck Swysgood, Chairman (R)
Sen. Tom Keating, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. William Crismore (R)
Sen. Eve Franklin (D)
Sen. Greg Jergeson (D)
Sen. Bob Keenan (R)
Sen. J.D. Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Mesaros (R)
Sen. Ken Miller (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Mike Taylor (R)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)

Members Excused: None.

Members Absent: None.

Staff Present: Shannon Gleason, Committee Secretary
Pam Joehler, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 13, HB 5, HB 11, AND HB 649, 3/28/1999

Executive Action: HB 34, HB 11, HB 649, HB470,
HB 536, AMENDMENTS TO HB 13
AND HB 5

HEARING ON HB 13

Sponsor: REP. ROYAL JOHNSON, HD 10, BILLINGS

Proponents:

Lois Menzies,	Department of Administration
Joe Mazurek,	Attorney General
Jane Hamman,	Office of Budget and Program Planning
Tom Schneider,	Montana Public Employees Association (MPEA)
Terry Minow,	Montana Education Association
Dick Crofts,	Commissioner of Higher Education
Sharon McCabe,	Montana Historical Society
Susan Malek,	University of Montana, MPEA
Debra Chard,	Montana State University
Cheryl Bramsen,	MPEA
Candice Payne,	University Teachers Union
Carol Bittinger,	Montana State University
Sheila Sterns,	University of Montana and Western Montana College
Kristine Csorosz,	University of Montana, MPEA
Jim Currie,	Department of Transportation
Cathy Conover,	Montana State University

Opponents: None

Opening Statement by Sponsor:

REP. JOHNSON advised this bill was the state pay plan, and is a result of several month's negotiations. The plan gives classified and blue collar employees a three percent wage increase per year for each year over the next biennium. There are approximately 14,000 employees covered by the increase, including some at the university level. **REP. JOHNSON** noted there was a contract already signed for the increases. **REP. JOHNSON** explained there was a longevity increase in addition to changes in the health plan. **REP. JOHNSON** stated there were several area that needed to be reviewed and explained each as follows: page 4 line 10, a **Cobb** amendment, page 5 line 29, dealing with dates, page 8, allowing the department to develop an alternative pay plan, page 9 line 23, longevity language, the teachers pay schedule in Boulder and Pine Hills needs to be replaced as it was stricken in error, mileage has changed to reflect Federal

changes, Page 21 line 21 health care benefits changes costing the state \$41,200,000.00, and because the **Board of Regents** are still negotiating the university system was left off and they need to be included back in the plan.

Proponents' Testimony:

Lois Menzies, Department of Administration, rose in support of the bill on behalf of the Governor. **Ms. Menzies** stated this was part of the Governor's Budget and strikes a good balance between the state and the employees. **Ms. Menzies** felt the bill recognized state employees are a necessary part of the state. **Ms. Menzies** passed out **EXHIBIT(fcs70a01)** and reviewed it for the committee. **Ms. Menzies** advised the increase does not cover the 600 executive employees in the state and university system. **Ms. Menzies** felt money should be added back into the budget to fund the personal services contingency pool.

Joe Mazurek, Attorney General, rose in support of the bill and felt state employees are competent, hard working, and capable. **Mr. Mazurek** felt these employees should have an increase and noted Montana has the highest number of state employees working two jobs to make ends meet. *{Tape : 1; Side : A; Approx. Time Counter : 7:20}*

Jane Hamman, Office of Budget and Program Planning, rose in support of the bill and explained three points the Budget office was concerned with. The Executive Budget took three percent **vacancy savings** on all salaries and all benefits, although in some instances it may not appear like that because of differential pay. The three percent saving generated \$11,825,000.00 in the first year and \$11,761,000.00 in the second year and General Funds were added to the total of \$19,500,000.00 for the biennium to pay for the increased wages. The addition of the longevity increases would be paid by some agencies taking an additional cut to support them, depending on the longevity in each department. The **Personal Service Continency Pool** was deleted but it is important because smaller agencies cannot meet the vacancy savings and they must move funds to the personal savings pool. In addition several agencies consist of a majority of elected officials. If they were to take the three percent reduction it would eliminate a majority of the staff. **Ms. Hamman** noted the unfunded liability is difficult to manage and thought several people will be retiring at the end of the administration, thus the pool is needed in addition to the state special revenue being increased from \$350,000.00 to \$650,000.00. **Ms. Hamman** stated there will also be a RIF of over 100 people in the Warm Springs State Hospital in fiscal year 2000, the calculations show

the Department of Public Health will need \$250,000.00 out of the contingency pool. **Ms. Hamman** advised they agencies use Special Revenue Accounts to help pay for the contingency pool in addition to General Funds. The third point was the deletion of section 2 subsection 4 on page four, line 10 requiring the three percent vacancy savings to be converted to budget positions over the next biennium. **Ms. Hamman** thought without the positions being permanent it would be difficult to train and recruit people for the positions and it would mean vacancy savings could not be used to finance the pay plan the next biennium as the positions were already eliminated to pay for the plan. **Ms. Hamman** felt that would create a hole for the next biennium.

Tom Schnider, MPEA, advised the committee the two longevity levels covered the people who did not get more than a one percent increase over the last few years. **Mr. Schnieder** stated the House Appropriation Committee reduced the percent and has created a problem in negotiations since there is no increase to work with. **Mr. Schnider** explained why the state and university system had two different anniversary dates for insurance.

Terry Minow, MEA, stated the increase was a result of several months of negotiation and support s the money being replaced for the university system. **Ms. Minow** supported an increase for teachers at Pine Hills, Montana State Hospital, and Riverside.

Dick Crofts, Commissioner of Higher Education, rose in support of the bill. **Mr. Crofts** advised the university system was negotiating with the employees, and the university system is losing classified employees because of pay. **Mr. Crofts** mentioned the health insurance date and the vacancy savings.

Sharon McCabe, Montana Historical Society, supported the bill and urged the committee to review the three percent vacancy saving and contingency fund as the Historical Society is a small agency it cannot afford to reduce by three percent without using the contingency fund.

Susan Malek, MPEA with University of Montana, advised the university system has been negotiating over the last few months. **Ms. Malek** explained in the past the university system employees raises were linked to the state but now they must be negotiated with the **Board of Regents**. With any new system there is a time of trial and error and **Ms. Malek** believed that was what was happening with the university employees. **Ms. Malek** encouraged the three percent be replaced so the university could continue to negotiate in good faith.

Debra Chard, MPEA in Bozeman, felt state employees do a good job and should be supported. **Ms. Chard** felt three percent per employee was not a large increase and supported the three percent be replaced in the bill for university staff. **Ms. Chard** explained a change in the date for insurance would require further out of pocket expenses by the university employees.

Cheryl Bramsen, University of Montana, asked the three percent be restored for the university system. **Ms. Bramsen** stated several of the university employees qualified for public assistance and could not afford a further reduction in the insurance.

Candice Payne, University Teachers Union, rose in support of the pay plan and advised the committee the actual increase seen by university employees would be 2.2%. *{Tape : 1; Side : A; Approx. Time Counter : 7:40}*

Carol Bittinger, Montana State University Classified Employees, supported the bill, however she felt three percent was not enough as the university employees have not been above inflation since 1992. **Ms. Bittinger** advised the faculty is falling further behind in pay and people are having a hard time making ends meet.

Sheila Stern, Chancellor for Western Montana College, advised the Staff Association office at the university is a one person office. The position is an executive position with a 13 year staff member that makes \$22,000.00 and supports four members in her family.

Kristine Shores, University of Montana staff member, advised the committee the state has the lowest income in all states and supported the increase for the employees. **Ms. Shores** felt the university should be run like a business within the state and the three percent reinstated.

Jim Currie, Department of Transportation, rose in support of **HB 13** but was concerned with the three percent base reduction. **Mr. Currie** stated with the new Federal **T-21** program there was a chance to receive increased federal funds. The House amendment made it possible to lose some of the federal money because a reduction in staff would not allow the jobs to be completed and therefore project money would be forfeited. *{Tape : 1; Side : B; Approx. Time Counter : 0}*

Cathy Conover, Montana State University, requested the restoration of the three percent for the university system.

Questions from Committee Members and Responses: None

Closing by Sponsor:

REP. JOHNSON noted the bill should be amended and closed.
{Tape : 1; Side : B; Approx. Time Counter : 9:45}

Wayne Nichols and Marwan Saba, both employees at Montana State Prison turned in written testimony, **EXHIBIT(fcs70a02)** and **EXHIBIT(fcs70a03)**.

HEARING ON HB 5

Sponsor: REP. MATT MCCANN, HD 92, HARLEM

Proponents: **Jim Williams,** Montana Department of Corrections
 Dick Crofts, Commissioner of Higher Education
 Mike O'Hara, Missoula County
 Sheila Sterns, Chancellor of Western Montana
 College
 Ralph DeCunzo, Department of Military Affairs
 Sharon McCabe, Montana Historical Society

Opponents: None

Opening Statement by Sponsor:

REP. MCCANN advised the committee this was the maintenance and cash bill for the 1999 Legislature to finance the infrastructure for the state. The total spending of this bill is \$75,000,000.00 including \$7,500,000.00 in Long Range Building funds, \$22,000,000.00 in State Special Revenue spending, \$24,000,000.00 in Federal funds, and \$20,900,000.00 in other funds.

Proponents' Testimony:

Joe Williams, Montana Department of Corrections, stated there would be an amendment that added Federal Authority for the completion of the **Missoula County Regional Detention Center** and supported the bill with the amendment.

Dick Crofts, Commissioner of Higher Education, noted this was the main funding for deferred maintenance for the university buildings and supported the bill.

Mike O'Hara, Missoula County, advised the committee the cost of the detention center was \$6,900,000.00, of which \$5,000,000.00

has been paid by the state. **Captain O'Hara** noted he has negotiated with **Rick Day** for an additional \$526,00.00 to cover the remaining expense for the center.

Sheila Sterns, Western Montana College, rose in support of the bill and commented there are several projects in the bill for **Western**, including funds for a technology center that include costs for the deferred maintenance for the library.

Ralph DeCunzo, Department of Military Affairs, stated the department is concerned with deferred maintenance and the majority of the funds for the department are Federal leveraged with state funds. **Mr. DeCunzo** advised the funding included money for the **Eastern Montana Veteran's Cemetery**.

Sharon McCabe, Montana Historical Society, urged support of the bill and noted the project for the Historical Society was only for authority of funds to remodel the Haines Exhibit, the southeast gallery and store.

Questions from Committee Members and Responses:

SEN. BECK questioned the reception unit for the Montana State Prison as he thought there was \$550,000.00 in state funds to match Federal money but did not see it in the bill. **REP. MCCANN** advised it was removed during committee. **SEN. LYNCH** noted **HB5** and **HB 14** go together and thought it was in the other bill. **CHAIRMAN SWYSGOOD** advised there was \$5,500,000.00 of Federal money in this bill and the remainder was amended out of **HB 14** in the House.

CHAIRMAN SWYSGOOD wanted to know if the \$526,000.00 for the **Missoula Regional Facility** was Federal Money. **Joe Williams** advised it was.

SEN. WATERMAN asked about the \$6,000,000.00 for the Capitol building restoration now showing \$14,000,000.00. **CHAIRMAN SWYSGOOD** advised it was bonded. **Pam Joehler**, Legislative Staff, advised \$1,000,000.00 was in **HB 5** and the rest was in **HB 14**.

Closing by Sponsor:

REP. MCCANN advised **HB 5** and **HB 14** related to each other and the incentive money needed to be added back into **HB 14** in order to make the prison project whole. **REP. MCCANN** pointed out section five, page seven, **Department of Fish, Wildlife, and Parks** was authorized to transfer funds and he did not know why that provision was in the bill.

CHAIRMAN SWYSGOOD stated the committee would determine why that was in the language during executive action. *{Tape : 1; Side : B; Approx. Time Counter : 7:58}*

HEARING ON HB 11

Sponsor: **REP. MATT MCCANN, HD 92, HARLEM.**

Proponents: **Jim Edgcomb,** Department of Commerce
 Tim Burton, Lewis and Clark County

Opponents: None

Opening Statement by Sponsor:

REP. MCCANN stated **HB 11** was the Treasure State Endowment Plan (**TSEP**) that used Coal Tax funds to assist the communities in Montana with infrastructure Financing. **REP. MCCANN** noted page two listed the projects and stated \$8,800,000.00 was available.

Proponents' Testimony:

Jim Edgcomb, Manager of **TSEP** for the Department of Commerce, read **EXHIBIT (fcs70a04)** and explained the background, qualifications, and projects of **TSEP**. **Mr. Edgcomb** noted **TSEP** accounts for only 20% of the project funding and there were no loans granted.

Tim Burton, Administrative Officer for Lewis and Clark County, felt the Department of Commerce had fairly reviewed the projects and recommended them to the legislature.

Questions from Committee Members and Responses: None

Closing by Sponsor:

REP. MCCANN closed.

{Tape : 1; Side : B; Approx. Time Counter :8:05}

HEARING ON HB 649

Sponsor: **REP. MATT MCCANN, HD 92, HARLEM**

Proponents: **Jim Whaley,** Bureau Chief for the Department of
 Administration, Architect and Engineering division

Opponents: None

Opening Statement by Sponsor:

REP. MCCANN advised **HB 649** was a committee bill that cleared up language and exempted two projects: the Chapel project at Montana Tech from the consultant selection process, and technology at Montana State University. **REP. MCCANN** stated section six sunsets section four, so the exemptions are only valid for the specific projects.

Proponents' Testimony:

Jim Whaley, Architecture and Engineering Division, advised the clean up language allowed outdated language to be removed and was in favor of the exemptions for the two projects.

Questions from Committee Members and Responses:

SEN. KEATING asked what the difference was between licensed and registered contractors was. **Mr. Whaley** advised contractors in the state are no longer licensed, they are now registered. **SEN. KEATING** wanted to know if out-of-state and Canadian contractors could qualify for a contract. **Mr. Whaley** advised they could.

SEN. KEENAN asked **Lois Menzies**, Director of the Department of Administration, to explain the background for the requested changes in section two. **Ms. Menzies** advised it was due to an audit exception they received from an old law stating no employee can have any relation to a construction contractor. **Ms. Menzies** felt this was overly broad and there was no way to monitor the involvement. **Ms. Menzies** cited an example of an employee who co-owned a hardware store and the verbiage excluded her from selling anything to a contractor for any state contract.

Closing by Sponsor:

REP. MCCANN explained section two of the bill and closed.
{Tape : 1; Side : B; Approx. Time Counter : 8:13}

EXECUTIVE ACTION ON HB 649

Motion/Vote: **SEN. LYNCH** moved that **HB 649 BE CONCURRED IN**.
Motion passed unanimously.

SEN. LYNCH was assigned to carry the bill.

EXECUTIVE ACTION ON HB 11

Motion/Vote: SEN. LYNCH moved that HB 11 BE CONCURRED IN. Motion passed unanimously.

SEN. LYNCH was assigned to carry HB 11.

EXECUTIVE ACTION ON HB 5

Motion: SEN. LYNCH moved that HB 5 BE CONCURRED IN.

Motion: SEN. MAHLUM moved that HB 5 BE AMENDED.

Discussion:

SEN. MAHLUM handed out EXHIBIT(fcs70a05) and explained it.

Vote: Motion carried unanimously.

Discussion:

SEN. KEATING wanted to know if someone would be cut out if the money was given to the center. CHAIRMAN SWYSGOOD advised no because the amendment was for authorization for Federal funds.

SEN. NELSON wanted clarification on the Department of Fish, Wildlife and Parks transferring funds. Jane Hamman, Budget Office, advised this had been used for the last three bienniums and was in place because the department frequently received Federal funds for projects. This would allow the department to save their licensing account.

SEN. LYNCH stated section seven, subsection six, was at the request of REP. ZOOK. There were existing buildings available in Miles City that could be used instead of constructing new ones.

Motion/Vote: SEN. LYNCH moved that HB 5 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

SEN. LYNCH was assigned to carry the bill.

{Tape : 1; Side : B; Approx. Time Counter :8:20}

EXECUTIVE ACTION ON HB 470

Motion: SEN. LYNCH moved that Amendment HB 047005.agp be adopted.

Discussion:

CHAIRMAN SWYSGOOD passed out EXHIBIT(fcs70a06) and explained the immediate effective date money needed to be encumbered and the amendment encumbers \$1,000,000.00 for the support services at Montana State Hospital. CHAIRMAN SWYSGOOD advised if there was sufficient money for the services then the money from this amendment would revert into the General Fund.

SEN. WATERMAN thought the amount of the reduction was \$660,000.00 and wanted to know where the rest of the money came from.

CHAIRMAN SWYSGOOD explained staff advised him the amount would be \$1,000,000.00 at least, and was unsure where the \$660,000.00 figure came from.

Vote: Motion carried unanimously.

Motion/Vote: SEN. KEATING moved that HB 470 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

SEN. KEENAN was assigned to carry this bill.

{Tape : 2; Side : A; Approx. Time Counter : 0}

EXECUTIVE ACTION ON HB 536

Motion: SEN. KEATING moved that HB 536 AND AMENDMENT HB 053602.AGP BE CONCURRED IN EXHIBIT(fcs70a07).

Discussion:

CHAIRMAN SWYSGOOD explained the amendment added \$2,000,000.00 of the Tobacco Settlement money to cover the insurance program.

Vote: Motion carried 15-1 with Waterman voting no. SEN. BECK and SEN. CHRISTIAENS were presenting bills in other committees.

CHAIRMAN SWYSGOOD thought SEN. CHRISTIAENS also had an amendment for this bill.

SEN. WATERMAN asked if the \$2,000,000.00 replaced some of the provider fees in the bill. CHAIRMAN SWYSGOOD advised it did not.

SEN. WATERMAN asked if the bill was \$2,000,000.00 short. **CHAIRMAN SWYSGOOD** advised he believed it was and that is why they were allowed to go to the **Board of Investments** for a loan if needed.

EXECUTIVE ACTION ON HB 34

CHAIRMAN SWYSGOOD advised the funding for the Tribal Colleges was placed in **HB 2** out of General Funds.

SEN. KEATING asked if the bill needed to be passed to provide for the distribution of funds. **Clayton Schenck**, Legislative Fiscal Analyst, advised this bill did not need to be passed to require the temporary appropriation.

SEN. JERGESON stated the statute was already in place. This bill would set up a new statute requiring the **Board of Regents** to fund the colleges.

SEN. KEATING advised this would make it a requirement and so this bill should not be passed as it would set up a statute.

Motion: **SEN. KEATING** moved that **HB 34 BE TABLED**.

There was a break called until 9:00

{Tape : 2; Side : A; Approx. Time Counter : 9:07}

CHAIRMAN SWYSGOOD advised **HB 536** was still on the table and **SEN. CHRISTIAENS** did not want to add his amendment.

SEN. FRANKLIN thought the rates should be set as needed.

Motion/Vote: **SEN. KEATING** moved that **HB 536 BE CONCURRED IN AS AMENDED**. Motion carried unanimously.

SEN. BECK was assigned to carry this bill.

EXECUTIVE ACTION ON HB 5

CHAIRMAN SWYSGOOD called for a motion to reconsider the committee action on **HB 5**.

Motion/Vote: **SEN. LYNCH** moved **HB 5 BE RECONSIDERED**. Motion carried unanimously.

CHAIRMAN SWYSGOOD advised **SEN. TOEWS** had an amendment that dealt with the construction of **Fort Peck Fish Hatchery**. **CHAIRMAN SWYSGOOD** thought language should be added to the amendment that made it contingent upon passage and approval of **HB 20**, and staff was allowed the latitude to correct the amendment, **EXHIBIT (fcs70a08)**.

Motion: **SEN. TOEWS** moved that **HB 5 BE AMENDED**.

Discussion:

SEN. TAYLOR thought the figure was \$12,000,000.00 and wondered where the other \$2,000,000.00 came from. **Jane Hamman**, Budget Office, advised the increase was as a result of a request from the Army Corp of Engineers. This was an authorization to spend Federal money, not state funds. **SEN. TAYLOR** stated even though it was Federal money it was Federal tax dollars and people in the state paid them. **CHAIRMAN SWYSGOOD** advised the money was coming back to Montana.

Pam Joehler, Legislative Staff, advised the committee she drafted the amendment at the request of **REP. KITZENBERG**, but did not know why the figure changed.

CHAIRMAN SWYSGOOD advised the House would straighten it out.

SEN. TOEWS advised he would research the change and amend it on the floor if needed.

Vote: Motion **carried unanimously**.

Pam Joehler advised the amendment to **HB 5** for the \$526,000.00 to the Missoula Detention Center moved into the second priority for the Department of Corrections, and the bill speaks to the priority of the legislature. **Ms. Joehler** advised this project was not listed as a priority. **Ms. Hamman** advised if the committee wanted a conceptual amendment to clarify this it would be inserted after the woman's prison. **Ms. Hamman** advised the language was in **HB 14** as well.

CHAIRMAN SWYSGOOD asked who set the priorities, **Ms. Hamman** advised it was from the Governor. **CHAIRMAN SWYSGOOD** did not want this taking priority over the other projects. **Ms. Hamman** explained the higher cost of the facility was not known until recently but the administration feels a commitment to complete the facility and therefore it is felt the priority should be the women's prison, the Missoula center, and then the reception unit.

CHAIRMAN SWYSGOOD asked if this was the priority the executive wanted the projects because the funds are quarterly and it was not the other projects would not get funded. **Ms. Hammand** concurred and noted the reception facility was not being funded because there was no match. **CHAIRMAN SWYSGOOD** asked what would happen if there was a match found and wanted to know if the \$526,000 for **Missoula** would jeopardize any of the projects heard in Long Range Planning. **Ms. Hamman** felt it would not.

SEN. CHRISTIAENS wanted to know about the funding for Pine Hills. **Ms. Hamman** advised there would be no effect since there was no Federal funds available. The project did not meet the criteria and the entire list was placed in there by the House.

SEN. KEATING asked if there was a difference in the source of Federal funds. **CHAIRMAN SWYSGOOD** advised there was.

SEN. LYNCH wanted to know if by reconsidering the action the amendment for the \$526,000.00 was still in place. **CHAIRMAN SWYSGOOD** advised it was.

SEN. CHRISTIAENS wanted a conceptual amendment to delete Pine Hills and the Wallace Building from the list. **Pam Joehler** advised the Federal funds were fairly strict and these projects would not qualify. Pine Hills was supported by bonds in **HB 14** and **Ms. Joehler** felt it would not matter. **CHAIRMAN SWYSGOOD** advised they were left in because if Federal funds became available they would be used instead of state funds.

Motion/Vote: **SEN. CHRISTIAENS** moved that **CONCEPTUAL AMENDMENT TO STRIKE LINES 11,12,13, and 14 of HB 5 BE ADOPTED**. Motion carried unanimously.

SEN. WATERMAN asked for clarification on the list of priorities. **CHAIRMAN SWYSGOOD** thought the Missoula project would be second and the Hatchery would be under **Fish, Wildlife and Parks**.

SEN. LYNCH wanted to change the placing of the detention center to follow the reception area so the reception area would not be in danger of not being built because the detention center took \$500,000.00 of the funds. **SEN. CHRISTIAENS** resisted the change because these projects are already constructed and felt they should be completed prior to building something new. **CHAIRMAN SWYSGOOD** did not feel it would jeopardize any projects. **SEN. LYNCH** withdrew his motion to change the priority. *{Tape : 2; Side : A; Approx. Time Counter : 9:28}*

Pam Joebler addressed the availability of Federal funds for the projects in the bill and noted it was doubtful the reception area would be completed at this time.

Vote: Motion **carried unanimously.**

SEN. LYNCH was assigned to carry the bill.

EXECUTIVE ACTION ON HB 13

CHAIRMAN SWYSGOOD stated the committee would act on the amendments currently drawn up but not close executive action until all concerns of the bill were addressed.

Motion: **SEN. MAHLUM** moved that **HB 13 BE CONCURRED IN.**

Substitute Motion: **SEN. LYNCH** made a substitute motion that **AMENDMENT HB001302.AGD BE ADOPTED.**

CHAIRMAN SWYSGOOD passed out and explained the amendment **EXHIBIT(fcs70a09)**.

Motion: **SEN. LYNCH** moved that **AMENDMENT HB001311.ATP BE ADOPTED.**

CHAIRMAN SWYSGOOD passed out the amendment **EXHIBIT(fcs70a10)** and explained it.

SEN. TAYLOR asked why the three percent was amended out.

CHAIRMAN SWYSGOOD was unsure, however **Taryn Purdy**, Legislative Staff, felt the bill was amended to cause the university system and the Board of Regents to negotiate. **SEN. TOEWS** agreed with **Ms. Purdy's** explanation. **CHAIRMAN SWYSGOOD** advised the committee was not in a position to negotiate, the committee's job was to fund the plan.

Vote: Motion **carried unanimously.**

Motion: **SEN. LYNCH** moved that **AMENDMENT HB 001309.ATP EXHIBIT(fcs70a11) BE ADOPTED.**

Discussion:

Taryn Purdy handed out the amendment and explained it was inadvertently taken out on the House floor.

SEN. KEATING asked who the state teachers were. **Ms. Purdy** advised they taught at **Pine Hills, Boulder, and Montana State Prison**. **Ms. Prudy** advised these were not university employees.

Vote: Motion **carried unanimously**.

Motion: **SEN. LYNCH** moved that **AMENDMENT HB001310.ATP EXHIBIT(fcs70a12)** BE ADOPTED.

Discussion:

SEN. BECK explained the amendment and noted the amendment needs to be amended to include \$300,000.00 in other revenue and restored the contingency fund for the Warm Springs State Hospital. **Jane Hamman** explained the first year needs to be \$600,000.00 because of the RIF at the hospital. **Ms. Hamman** advised the amendment needs to read \$350,000.00 in General Fund the first year and \$600,000.00 in other authority, the next year \$350,000.00 from General Fund and \$350,000.00 in other authority.

SEN. KEATING stated the explanation on the amendment states provide funding for agencies unable to meet their vacancy savings and he thought this was for Warm Springs. **Ms. Hamman** explained the personal services contingency account was used when there was significant turnover.

CHAIRMAN SWYSGOOD advised it has been used like this in the past.

SEN. WATERMAN asked with the delay in construction if the layoff would be implemented.

SEN. CHRISTIAENS wanted the numbers clarified, **CHAIRMAN SWYSGOOD** restated them.

Vote: Motion **carried unanimously**.

{Tape : 2; Side : B; Approx. Time Counter : 9:45}

Motion: **SEN. TAYLOR** moved that **AMENDMENT HB001301.agd EXHIBIT(fcs70a13)** BE ADOPTED.

Discussion:

SEN. TAYLOR passed out the amendment and explained it allows flexibility in retention of the Department of Transportation.

SEN. TAYLOR wanted part of the language removed as he felt it allowed the department to come back for an appropriation. **Greg DeWitt** advised the language would give the department the authority to apply for a budget amendment.

SEN. LYNCH asked why the department needed the flexibility. **Mr. DeWitt** advised they may not have a need for budget authority but they may need additional employees.

SEN. WATERMAN felt the amendment was not needed since there was already flexibility on page eight to allow alternative pay classifications. This amendment did not limit what the department could pay. **SEN. TAYLOR** explained there was a concern by the department to increase salaries because there is competition between states and Montana needed to be competitive to ensure projects were completed and no Federal money was lost. **SEN. TAYLOR** did not believe there was a need for budget authority. **SEN. WATERMAN** wanted to know why the language on page eight could not be used. **Lois Menzies**, Department of Administration, advised the committee the language had been used during the interim and referred to page nine, line seven, and the language has been used for other departments.

SEN. LYNCH expressed concern that state agencies would offer existing employees higher money to get better employees. **SEN. TAYLOR** thought that might be a concern, however if the projects are not completed the Federal funds will be lost.

SEN. BECK advised the highway has enough to add to employees without this amendment. **CHAIRMAN SWYSGOOD** agreed there was an out in **HB 13**. **SEN. WATERMAN** stated line eight allowed the provision also. **SEN. TAYLOR** withdrew the motion until someone from the department could advise the committee why they felt it was necessary.

ADJOURNMENT

Adjournment: 9:55 A.M.

SEN. CHUCK SWYSGOOD, Chairman

SHANNON GLEASON, Secretary

CS/SG

EXHIBIT (fcs70aad)